

FURKIDS, INC.  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

BULL & BULL, CPA'S PC  
GAINESVILLE, GEORGIA

## INDEPENDENT AUDITOR'S REPORT

Board of Directors of  
Furkids, Inc.  
Atlanta, GA

We have audited the accompanying financial statements of the Furkids, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as

evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Furkids, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Bull & Bull*

Gainesville, Georgia  
January 31, 2018

## Financial Statements

**FURKIDS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

**ASSETS**

|                                |                   |
|--------------------------------|-------------------|
| Current Assets                 |                   |
| Cash and Cash Equivalents      | \$ 231,733        |
| Total Current Assets           | <u>231,733</u>    |
| Fixed Assets                   |                   |
| Property and Equipment         | 915,546           |
| Less: Accumulated Depreciation | <u>(221,665)</u>  |
| Total Property and Equipment   | <u>693,881</u>    |
| Other Assets                   |                   |
| Investment                     | 8,353             |
| Deposits                       | <u>9,601</u>      |
| Total Other Assets             | <u>17,954</u>     |
| Total Assets                   | <u>\$ 943,568</u> |

**LIABILITIES AND NET ASSETS**

|                                  |                   |
|----------------------------------|-------------------|
| Current Liabilities              |                   |
| Accounts Payable                 | \$ 6,800          |
| Payroll Taxes Payable            | 16,042            |
| Sales Tax Payable                | 3,736             |
| SDR Building Loan - Current      | <u>8,625</u>      |
| Total Current Liabilities        | <u>35,203</u>     |
| Long Term Liabilities            |                   |
| SDR Building Loan                | <u>205,766</u>    |
| Total Long Term Liabilities      | <u>205,766</u>    |
| Net Assets                       |                   |
| Unrestricted                     | 702,599           |
| Temporarily Restricted           | -                 |
| Total Net Assets                 | <u>702,599</u>    |
| Total Liabilities and Net Assets | <u>\$ 943,568</u> |

The accompanying notes are an integral part of these financial statements.

**FURKIDS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                       | Unrestricted      | Temporarily<br>Restricted | Total             |
|---------------------------------------|-------------------|---------------------------|-------------------|
| <b>REVENUE AND OTHER SUPPORT</b>      |                   |                           |                   |
| Revenues                              |                   |                           |                   |
| Contributions                         | \$ 1,213,882      | \$ -                      | \$ 1,213,882      |
| Special Events (net)                  | 48,907            | -                         | 48,907            |
| Investment Income                     | 460               | -                         | 460               |
| Services                              | 275,214           | -                         | 275,214           |
| Thrift Store (net)                    | 218,177           | -                         | 218,177           |
| Net assets released from restrictions |                   |                           |                   |
| Satisfaction of program restrictions  | -                 | -                         | -                 |
| Total Revenues and Other Support      | <u>1,756,640</u>  | <u>\$ -</u>               | <u>1,756,640</u>  |
| <b>EXPENSES</b>                       |                   |                           |                   |
| Program Services                      | 1,580,845         | -                         | 1,580,845         |
| Supporting Services                   |                   |                           |                   |
| Development and fundraising           | 94,407            | -                         | 94,407            |
| Management and general                | 86,672            | -                         | 86,672            |
| Total Supporting Services             | <u>181,079</u>    | <u>-</u>                  | <u>181,079</u>    |
| Total Expenses                        | <u>1,761,924</u>  | <u>-</u>                  | <u>1,761,924</u>  |
| Change in Net Assets                  | <u>(5,284)</u>    | <u>-</u>                  | <u>(5,284)</u>    |
| Net assets beginning of year          | <u>707,883</u>    | <u>-</u>                  | <u>707,883</u>    |
| Net assets end of year                | <u>\$ 702,599</u> | <u>\$ -</u>               | <u>\$ 702,599</u> |

The accompanying notes are an integral part of these financial statements.

**FURKIDS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                                                                            |                   |
|--------------------------------------------------------------------------------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                |                   |
| Change in net assets                                                                       | \$ (5,284)        |
| Adjustment to reconcile change in net assets to net cash provided by operating activities: |                   |
| Depreciation                                                                               | 30,106            |
| Decrease in operating assets:                                                              |                   |
| Employee Receivable                                                                        | 5,155             |
| Deposits                                                                                   | 1,513             |
| Increase in operating liabilities:                                                         |                   |
| Accounts Payable                                                                           | 3,338             |
| Payroll Taxes Payable                                                                      | 8,508             |
| Sales Tax Payable                                                                          | 721               |
| Net cash provided by operating activities                                                  | <u>44,057</u>     |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                            |                   |
| Investment in Raymond James                                                                | (8,353)           |
| Purchases of fixed assets                                                                  | (26,056)          |
| Net cash (used) by investing activities                                                    | <u>(34,409)</u>   |
| <br><b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                            |                   |
| Payments of loan                                                                           | (8,034)           |
| Net cash (used) by financing activities                                                    | <u>(8,034)</u>    |
| <br>Net increase in cash and cash equivalents                                              | <br>1,614         |
| Cash and cash equivalents beginning of year                                                | 230,119           |
| Cash and cash equivalents end of year                                                      | <u>\$ 231,733</u> |

The accompanying notes are an integral part of these financial statements.

**FURKIDS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                      | <b>Supporting Services</b>  |                                            |                                   |              |
|--------------------------------------|-----------------------------|--------------------------------------------|-----------------------------------|--------------|
|                                      | <b>Program<br/>Services</b> | <b>Development<br/>and<br/>Fundraising</b> | <b>Management<br/>and General</b> | <b>Total</b> |
| Accounting Fees                      | \$ -                        | \$ 5,492                                   | \$ 5,495                          | \$ 10,987    |
| Legal Fees                           | -                           | -                                          | 6,402                             | 6,402        |
| Bankcard & Paypal Fees               | 2,634                       | 23,702                                     | -                                 | 26,336       |
| Conferences, Conventions, & Meetings | 225                         | -                                          | 300                               | 525          |
| Depreciation                         | 24,159                      | -                                          | 5,947                             | 30,106       |
| Facilities                           | 112,756                     | -                                          | -                                 | 112,756      |
| Insurance                            | 31,635                      | 250                                        | 750                               | 32,635       |
| Interest                             | 10,566                      | -                                          | -                                 | 10,566       |
| Postage and Printing                 | -                           | 19,528                                     | 15,224                            | 34,752       |
| Salaries and benefits                | 551,338                     | 4,875                                      | 22,750                            | 578,963      |
| Taxes                                | 40,787                      | 429                                        | 1,717                             | 42,933       |
| Veterinary expenses                  | 609,748                     | -                                          | -                                 | 609,748      |
| Advertising                          | 9,030                       | 27,089                                     | -                                 | 36,119       |
| Programs and office supplies         | 4,219                       | 2,812                                      | 21,096                            | 28,127       |
| Information Technology               | 1,599                       | 533                                        | -                                 | 2,132        |
| Shelter Supplies & Food              | 118,038                     | -                                          | -                                 | 118,038      |
| Other Expenses                       | 64,111                      | 9,697                                      | 6,991                             | 80,799       |
| Total Expenses                       | \$ 1,580,845                | \$ 94,407                                  | \$ 86,672                         | \$ 1,761,924 |

The accompanying notes are an integral part of these financial statements.



Notes to Financial Statements

**FURKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A-NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Organization

Furkids is a 501(c)(3), charitable, non-profit animal shelter in Atlanta, Georgia. The mission of Furkids is to:

- provide a cage-free, no-kill shelter for our rescued animals where they can experience the best care in a loving environment until they are adopted;
- find permanent, loving, homes for our rescued animals;
- and inform the public about pet overpopulation, promote sterilization and provide information for low-cost, high-quality spay/neuter organizations.

Basis of Presentation

The financial records of the organization are maintained on the accrual basis of accounting. The financial statements have been prepared under generally accepted accounting principles. Financial statement presentation follows the recommendations of the Financial Accounting Standards board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Fixed Assets

Fixed assets are reported at cost, or if donated, the organization uses the estimated fair market value. Furkids, Inc. capitalizes assets with a value of \$500 or more and a useful life of more than one year. Depreciation expense is computed over the estimated useful lives of the fixed assets using the straight-line method. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and savings accounts. The carrying value of cash and cash equivalents approximate fair value because of the short maturities of these financial instruments.

**FURKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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Expense Allocation

The Organization allocates common costs, such as salaries, postage, supplies, telephone and other expenses between program services and supporting services depending on the estimated activities of the organization. The resulting allocations are reviewed periodically, and the allocations revised, if necessary, to reflect changes in the activities.

Income Tax Status

The Organization is exempt from federal income taxes under Internal Revenue code section 501 c(3).

Donated Services

The Organization receives donated service from a variety of unpaid volunteers assisting the Organization in carrying out its activities. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

Contributions

The Organization accounts for contributions and grants in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/ or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**NOTE B – LOANS TO KEY EMPLOYEES**

As of December 31, 2016, the employee loan balance has been paid in full. No other payment is due at this time.